

COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS

AGENDA ITEM TRANSMITTAL

(1) DEPARTMENT Administration	(2) MEETING DATE February 28, 2006	(3) CONTACT/PHONE Vincent Morici, Administrative Analyst 781-5011	
(4) SUBJECT Fiscal Year 2005-2006 Second Quarter Financial Report			
(5) SUMMARY OF REQUEST The Board is asked to review the Fiscal Year 2005-2006 Second Quarter Financial Report, approve the acceptance of various gifts/donations, approve requests to discharge bad debt for certain County departments and approve appropriation transfers to the Other Indigents Care Program, Medical Assistance Program and the Department of Social Services.			
(6) RECOMMENDED ACTION 1. Receive, review, and file the Fiscal Year 2005-2006 First Quarter Financial Report; and 2. Accept gift funds and donations on behalf of Behavioral Health Services-Mental Health, in the amount of \$6,000 (Requires a 4/5ths vote); and 3. Approve a request for discharge from bad debt totaling \$5,512 on behalf of Behavioral Health Services. 4. Approve the following Budget Adjustments: <ul style="list-style-type: none"> ▪ \$451,051 from the California Health care for Indgents Program (CHIP) to the Other Indigents Health Care Program (Fund Center 352) and the Medical Assistance Program (Fund Center 183). ▪ \$987 from the Social Services Gift Trust Fund to the Department of Social Services (Fund Center 180). 			
(7) FUNDING SOURCE(S) Various	(8) CURRENT YEAR COST N/A	(9) ANNUAL COST N/A	(10) BUDGETED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> N/A <input type="checkbox"/> NO
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): All County departments			
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____			
(13) SUPERVISOR DISTRICT(S) 1st, 2nd, 3rd, 4th, 5th, <input checked="" type="checkbox"/> All		(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A	
(15) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Board Business (Time Est. 15 minutes)		(16) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig + 4 copies) <input type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input checked="" type="checkbox"/> N/A	
(17) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		(18) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A	

(19) ADMINISTRATIVE OFFICE REVIEW *OK - Jim Grant*

The Administrative Office prepared this item.

E-1
(2.28.06)

County of San Luis Obispo

COUNTY GOVERNMENT CENTER, RM. 370 • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5011



DAVID EDGE
COUNTY ADMINISTRATOR

TO: BOARD OF SUPERVISORS

FROM: VINCENT MORICI, ADMINISTRATIVE OFFICE

DATE: FEBRUARY 28, 2006

**SUBJECT: FISCAL YEAR 2005-06 SECOND QUARTER FINANCIAL REPORT;
ACCEPTANCE OF GIFT FUNDS AND DONATIONS; DISCHARGE OF
BAD DEBT AND ADJUSTMENTS TO FUND CENTERS**

Recommendation:

It is recommended that the Board of Supervisors:

1. Receive, review, and file the Fiscal Year 2005-2006 Second Quarter Financial Report;
2. Accept gift funds and donations on behalf of the Behavioral Health Services-Mental Health Department in the amount of \$6,000 (Requires a 4/5ths vote);
3. Approve a request for discharge from bad debt totaling \$5,512 on behalf of the Behavioral Health Services-Mental Health Department.
4. Approve the following Budget Adjustments (Requires 4/5ths vote)
 - \$451,051 in funds from the California Healthcare for Indigents Program to the Other Indigents Health Care Program (Fund Center 352) and the Medical Assistance Program (Fund Center 183).
 - \$987 from the Social Services Gift Trust Fund to the Department of Social Services (Fund Center 180).

Discussion:

The following provides an overview of the FY 2005-2006 Second Quarter Financial Report. A copy of the report is attached to this Board letter.

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Overview and Findings:

This report is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the second quarter of FY 2005-2006. The report is divided into four sections described as follows:

- **Section 1** contains an overview of revenues and expenditures at the end of the second quarter as compared to the previous year, as well as a brief summary of noteworthy financial information and issues facing the County at this time. Comments are provided for fund centers that experienced fiscal or operational problems. If no issues exist, no comments will be made.
- **Section 2** contains a big picture analysis of second quarter revenue receipts by category (e.g., taxes, charges for services, etc.) and fund (e.g., General Fund, Road Fund, etc.) as well as a review of contingency, designation and reserve activity.
- **Section 3** provides a listing of all personnel changes approved by the Board of Supervisors during the second quarter.
- **Section 4** contains miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations and discharge of bad debt, as well as distribution of unanticipated revenues to various Fund Centers.

Noteworthy Financial Information and Issues:

Unanticipated Revenue Received:

Non-Departmental Revenue

- The mid-year point shows that non-departmental revenue is on track to exceed budgeted levels by the end of the year. The first quarter report identified that the state has repaid cities and counties for a vehicle license fee (VLF) "loan". This one time revenue of \$5.2 million was not included in the County's budget since it was not in the Governor's FY 05-06 budget. Revenue above budgeted amounts will increase the end of year fund balance amount and will help fund next year's budget.

Roads

- The Public Works Department expects to receive approximately \$1.4 to \$1.5 million in Proposition 42 funds from the state for the Roads budget. This revenue was not included in the Board's adopted budget as it had not been included in the Governor's proposed FY 05-06 budget. Payments will be received in quarterly installments with the first installment being received in October 2005. The department intends to use this money to supplement current year pavement management efforts.

Library

- The Library expects to receive an additional \$126,000 in property tax revenue. This revenue will be used to purchase materials and equipment for library operations and add dollars for temporary help to reduce the incidence of emergency library closures at the branch libraries.

Social Services

- Funding allocations available for DSS Administration are \$1.45 million above budgeted amounts. Of the \$1.45M, \$1.32M is federal and state funding and \$130,000 is the required county match. Realignment or other revenue that is above budgeted amounts will be used to cover the county match. A separate item will be brought to the Board to allocate these funds to the department's current year budget.

Other Indigents Health Care Program -Fund Center 352

- The California Healthcare for Indigents Program has \$451,051 of additional funds available in FY 05-06 (above budgeted amounts). There is a budget adjustment to allocate this additional revenue to the programs and providers of medical care for indigents.

Updates on Revenue Shortfalls or Increased Expenditures

Assessor

- In first quarter, the Assessor identified a potential \$550,000 impact to the County General Fund from the loss of state funding related to the Property Tax Administration Program (PTAP). By using unspent prior year PTAP funding and salary savings, the Assessor has effectively reduced the impact of the loss of current year PTAP funds. In addition, the Assessor expects to cover a portion of the Prevailing wage increase for the current year.

Clerk-Recorder

- Last quarter we identified unbudgeted expenses related to the State's November 8th special election could result in an additional \$500,000 of General Fund expense. In second quarter, the Clerk-Recorder has identified higher than anticipated revenue from the recording fees that will help offset the additional expense. With this revenue, the General Fund impact is now projected to be \$317,000.

Mental Health

- The first quarter information from the Mental Health Department projected a need for an additional \$263,000 from the General Fund in the current year due to higher than budgeted expenses. In the second quarter, Mental Health projects that they can lower the need for additional General Fund Dollars by \$133,000 by using savings and unbudgeted prior year revenue. Mental Health now projects a need for an additional \$130,000 from the General Fund in the current year.

However, the department continues to project a budget gap between expenses and revenues of about \$1.8 million for fiscal year 2006-2007.

Public Health

- In first quarter, the Public Health Department projected a net revenue shortfall of about \$84,000. Additionally, the department identified a projected need of up to \$110,000 from the General Fund to pay a prior year expense related to the Children's Services Program resulting in a total impact of \$194,000 to the General Fund. Through a combination of one time savings the department has reduced the projected General Fund impact to \$0.

Prevailing Wage Adjustments

- As identified in the first quarter report, increased costs associated with staff salary and benefit increases (i.e. the prevailing wage adjustments) are typically addressed as part of the Third Quarter Financial Report. We reported that the collective cost for prevailing wage increases for Management/Confidential, SLOCEA, Probation and District Attorney Investigators is estimated at \$9.4 million in the current fiscal year. In the second quarter, negotiations were completed with the bargaining units for the Deputy County Counsels, Deputy District Attorneys, and the Deputy Sheriff's Association and Sheriff Management staff. The prevailing wage increases related to the above bargaining units will add an additional \$1.1 million to the current year's labor costs. The total prevailing wage increase for all bargaining units is projected to be \$10.5 million, or about \$2.6 million more than the prior year.

Most departments are not required to include funding in their budgets for these costs but historically they are able to absorb most or all of the increased expenses through salary savings or unanticipated revenue. A few departments - including those in health and human services - do include estimated salary and benefit increases as they are often able to claim reimbursement for these costs from their various funding sources. The Third Quarter Financial Report will include budget adjustments to cover the portion of the unbudgeted labor cost increases that cannot be absorbed by departments or offset by higher revenues. It is likely that the use of General Fund contingencies to cover the labor cost increases will be greater than the prior year.

Other Agency Involvement/Impact:

All departments have contributed to the development of this report. The Administrative Office and the Auditor-Controller's Office compiled data from departments and other sources for the report.

Financial Considerations:

Overall, expenditures are on track for this time of the year. Exceptions have been noted above and more detail is provided in Section 1 of the report. In several instances, impacts to the County General Fund projected in the first quarter have been lessened through higher than anticipated revenue and/or departmental efforts to reduce expenses. The First Quarter Financial Report identified reduced revenues or additional expenses that could have affected the General Fund in the amount of \$1.9 million. The Second Quarter Financial Report reduces this figure to about \$900,000. This improvement is somewhat tempered by the overall labor cost increases that are projected for this year. Staff will continue to monitor department expenditures and, where

feasible and necessary, suggest actions to further mitigate the issues identified.

County non-departmental revenues are expected to meet or exceed budgeted levels and Social Services, the Library and the Indigent Health Care Program have received additional revenue which will be used to supplement programs in those departments.

Results:

This report provides the Board of Supervisors and public with a concise overview of the County's financial position through the second quarter of the FY 2005-2006.

ATTACHMENTS

c - Department Heads

16

**COUNTY OF SAN LUIS OBISPO
SECOND QUARTER FINANCIAL STATUS REPORT**

EXPENDITURE AND REVENUE STATUS

SECTION 1

Purpose

The purpose of this report is to provide an overview of the County's financial position at the end of the second quarter for Fiscal Year 2005-2006. Comments are provided for budget units that experienced fiscal or operational problems or noteworthy information about increased revenues. It is important to emphasize that if no issues existed, no comments will be made.

Overview


As shown on the charts below, expenditure patterns closely resemble the prior year and are considered normal for this time of year. Revenues received are somewhat higher as compared to the previous year primarily due to the receipt of the VLF "gap loan" repayment from the State. For the second quarter of FY 05-06, All Fund expenditures were at 40% of budget, while All Fund revenues were 37% realized at the end of the second quarter. General Fund expenditures were at 45% of budget, while General Fund revenues were 39% realized at the end of the quarter. The revenue realization rates are considered normal because of the timing delay for the largest revenue sources.

Revenue and expenditures are consistent with previous years. A total annualized potential impact to County General Fund is projected to be about \$900,000 if the departments, identified below, are unable to mitigate the losses as explained later in Section 1 of the report.

The following tables compare the current year and prior year second quarter expense and revenue for All Funds and the General Fund.

All Funds Comparison		
Second Quarter FY 05-06 and Second Quarter FY 04-05		
	Second Quarter FY 05-06	Second Quarter FY 04-05
Expenditures	40%	37%
Revenue Realized	37%	34%

General Fund Comparison		
Second Quarter FY 05-06 and Second Quarter FY 04-04		
	Second Quarter FY 05-06	Second Quarter FY 04-05
Expenditures	45%	42%
Revenue Realized	39%	36%



I. Fiscal or Operation Issues

This section identifies noteworthy issues associated with departmental finances or operations.

Non-Departmental – Fund Center 101

With 50% of the year elapsed, non-departmental revenue is on track to exceed budgeted levels by year end. As reported in the first quarter report, the state repaid cities and counties for a vehicle license fee (VLF) “loan”. This one-time revenue of \$5.2 million was not included in current year budget because it was not included in the Governor’s proposed FY 05-06 Budget. Additionally, property tax revenues are on track to exceed budgeted levels by approximately \$2.5 million. Other revenue sources such as property tax in lieu of VLF, sales tax, and Transient Occupancy Tax (bed tax) are on track to meet or exceed budgeted levels. A more precise estimate of non-department revenue will be available at the end of the third quarter. Revenue above budgeted amounts will increase the General Fund carryover amounts to fiscal year 2006-07 and will help fund next year’s budget.

Assessor – Fund Center 109

Issue: Loss of Property Tax Administration Funds

Annualized potential impact to the County General Fund: \$0

The First Quarter Financial Report identified that the Assessor’s Office faced a potential revenue shortfall that could result in an impact of \$550,000 to the County General Fund. Revenue from the state Property Tax Administration Program (PTAP) was not included in the FY 05-06 state budget and was not available to the Assessor. The revenue from this source provides funding for 11 positions that are used to assist with reducing assessment backlogs, checking under assessed property or finding un-assessed property. Since the work done by these positions increases revenues for both the state and the county, the Administrative Office recommended retaining these staff while the Assessor continues to work with the California Association of Assessors and Legislators to restore this funding.

The Assessor has \$505,000 of the prior year unspent PTAP funds in a PTAP trust account. A combination of the use of funds in the trust account and salary savings from five vacant positions will offset the loss of the current year PTAP funds. This should essentially eliminate the effect of the impact of the loss of PTAP funds upon General Fund as identified in the first quarter report. The department will still need General Fund dollars to help cover a portion of the unbudgeted prevailing wage increases and expenditures in their service and supplies accounts.

Clerk-Recorder – Fund Center 110

Issue: Higher than anticipated expenditures for special election

Annualized potential impact to the County General Fund: \$317,000

In the first quarter, we identified the Governor’s special election might cost the County about \$500,000 from the County General Fund. We also identified that efforts were underway to seek reimbursement from the state for the cost of the special election. The Governor’s proposed budget for next year includes about \$54 million in the current year for the costs associated with the November 2005 statewide special election. \$45 million of this amount is earmarked for county costs and \$9 million for state costs. The proposal also explains that the funding is an augmentation to the current year budget (2005-06) to ensure sufficient

resources for the upcoming June statewide primary election. Presently, the timing of the reimbursement is unclear and there is uncertainty whether any reimbursement will be received

The impact of the special election cost to the General Fund will be partially offset by higher than anticipated revenues related to recording fees. However, the Clerk-Recorder still projects that the special election costs will result in the need to add \$317,000 in General Fund dollars to the department's budget.

County Counsel – Fund Center 111

Issue: Higher than anticipated expenditures for Professional & Special Services in the amount of \$230,000
Annualized potential impact to the County General Fund: \$230,000

As reported in the first quarter, a portion of these expenditures (\$45,000) is for the Board-approved defense of a claim from Kajima Construction Company regarding the construction of the new Government Center. In addition to Kajima related expenses, there are two other court litigation cases (County vs Equilon and County vs Level 3) whose cost (totaling \$185,000) were not anticipated when the department's budget was prepared. The total potential impact of approximately \$230,000 is an estimate at this time. At this time, we project that the department will need an additional \$230,000 in General Fund due to these higher than budgeted expenditures. We will keep the Board apprised of the status of this department's ability to absorb increased costs as the year progresses.

Revenues from SB 90 are expected to fall below budgeted levels. In addition, revenue from work related to the Lopez Water Treatment Project Plant and the Nacimiento Project is less than anticipated for this time of year. The estimated shortfall in revenues could be as much as \$65,000. However, the department indicates that they anticipate savings related to several vacant positions, which should offset the revenue loss from these sources.

Sheriff-Coroner – Fund Center 136

Issue: Overtime expenses beyond budgeted levels
Annualized impact to the County General Fund: \$0

The First Quarter Financial Report identified a significant increase in the Sheriff-Coroner overtime accounts that could potentially result in a \$250,000 impact to the General Fund. Vacant deputy and correctional positions were backfilled with overtime use. This trend continued in the second quarter and has resulted in the overtime account being 100% expended in the first half of the year. However, salary savings from the vacant positions countered the increase in overtime. The overall salary and benefit accounts are within normal limits and are 47% expended at midyear. The Sheriff projects salary savings, which will offset the impact of the overtime expenditures. However, we would expect to see a significant decline in rate of overtime expenditures as the vacant positions in the department are filled. While the salary savings will help with the overtime expenditures, there will still be a substantial impact from the unbudgeted salary and benefit increases granted to the Deputy Sheriff's Association and other bargaining units in the Sheriff's Office. These are discussed below. The Service and Supplies accounts are 55% expended at the midyear point. The slightly greater expenditures in this account series are attributed to full payment of annual contracts, higher than anticipated expenses for security for hospitalized inmates, grant related expenses and travel to bring back suspects arrested out of the county.

As mentioned above, another significant factor in this budget is the implementation of salary and benefit

increases for the Deputy Sheriff's Association approved last May. The increases in pay and benefits for the DSA will increase salary and benefit costs in the Sheriff-Coroner budget by about \$2.95 million over the amount budgeted for the current fiscal year. Beginning in January of 2006, the Deputy Sheriff's Association and management personnel in the Sheriff Department received another salary increase, which will result in an additional \$823 thousand dollar increase for the remainder of the current year. In total, cost increases resulting from enhancements to the salaries and benefits for the Deputy Sheriff's Association will result in an additional expense of \$3.77 million in this department's current year budget. A portion of this increased cost may be offset by projections of higher than budgeted revenues from Proposition 172 revenues and salary savings. However, it is expected that a significant budget adjustment will be needed in third quarter to cover the increased labor costs.

Agricultural Commissioner Weights and Measures – Fund enter 141

Issue: Revenue shortfall due to reduced revenue from the Unclaimed Gas Tax.

Annualized potential impact to the County General Fund: \$0

The amount of revenue that is derived from the Unclaimed Gas Tax is expected to fall short of budgeted projections. The state distributes a portion of the tax on fuel, used in vehicles and equipment used for agricultural and horticultural operations, to the California Department of Food and Agriculture and to the Agricultural Commissioner Offices in each County. The formula used by the state results in a ratio for the reimbursement of eligible expenses in the Agricultural Commissioner's Office. This is commonly expressed as "cents on the dollar." The ratio is based upon the total amount of Unclaimed Gas Tax, as estimated by the state, divided by the total allocation of general fund dollars allocated by counties for qualifying agricultural programs. For example, if the state wide Unclaimed Gas Tax is estimated at \$40 million and the total allocation of general fund dollars allocated by counties for qualifying agricultural programs is \$80 million, the ratio is derived by dividing the \$80 million into the \$40 million resulting in 0.5 or 50 cents on the dollar.

Although the Agricultural Commissioner used a conservative ratio number in the development of the budget, the Unclaimed Gas Tax revenue is projected to be between \$145,000 and \$185,000 less than the budgeted amount. The department is taking several measures to reduce the impact to the General Fund by leaving three positions vacant and reducing expenses in other areas. The Department will also have \$30,000 in unanticipated revenue related to increases in state contracts and grant for noxious weed removal. Overall, the department projects they will be within the budgeted net county cost, exclusive of cost of living increases approved in the current year.

Public Health- Fund Center 160

Issue: Revenue shortfall

Impact to General Fund: \$0

As reported in the first quarter report, Public Health identified a budget error that resulted in revenue for the California Children's Services (CCS) program being overstated by approximately \$537,000. The department has identified savings and unanticipated revenue that will offset this entire shortfall in the current year. Unfortunately, most of the savings identified are one-time in nature, which means the issue will have to be addressed as part of the FY 2006-2007 budget process.

Also related to CCS (and reported in the first quarter report), a CCS eligible child received a heart transplant last year and the County's share of cost for this procedure was expected to be approximately \$200,000 as

billings for this procedure were still being processed by the state. About \$90,000 was set aside from last year's budget to cover a portion of this expense and based on current estimates, no additional costs are anticipated. However, a subsequent CCS child has been identified and is scheduled for a kidney transplant in February. Medical costs related to this procedure are estimated at \$4,500/month for the next 18 months (\$22,500 in the current fiscal year). Public Health has identified other expense savings to help offset this unanticipated cost.

The department also reported a \$73,000 reduction in funding for the Bioterrorism program. This revenue reduction will be completely offset by a reduction in personnel and supply costs. One Department Automation Specialist position that was funded with this revenue will be kept vacant for the balance of the year and eliminated during the upcoming budget process.

Lastly, as previously noted in the first quarter, the National, State, and County outbreak of Pertussis (whooping cough) has resulted in increased costs for the Public Health Department, mainly through increased overtime and temporary help to address the outbreak. In FY 2004-05, there were five cases of Pertussis reported in San Luis Obispo County. By January 18, 2006 (six months into the 2005-06 fiscal year), the reported number of cases was 108. The associated cost of this outbreak is \$41,000, which will be offset by salary savings. If a continued rise in Pertussis occurs, the department may require additional funds to meet its net county cost.

Clinical Laboratory- Fund Center 164

Issue: Higher than anticipated expenditures

Impact to General Fund: \$131,900

On January 24, 2006 (this date is after the close of the second quarter but prior to the completion of this report), the Board of Supervisors voted to close the County's Clinical Laboratory. On March 16, 2004, the Board of Supervisors entered a contract with the Community Health Centers of the Central Coast (CHC) to provide outpatient health services to county residents. At the same time, the Board directed that the County's Clinical Laboratory continue to operate and the operations of the laboratory be evaluated after one year. It was intended that the Clinical Laboratory would be financially self-sufficient.

After approximately 22 months, the Clinical Laboratory has not been financially self-sufficient. The Clinical Laboratory has been operating with an annual cost to the County of approximately \$540,000. Furthermore, several financial projections were conducted by Health Agency staff and it was determined the Clinical Laboratory would not be financially self-sufficient at any point in the foreseeable future. Additionally, the Health Agency's research indicated that the same levels of service would continue to be available to the lab patients elsewhere in the community for the same cost or less to the consumer. As such, on January 24, 2006, a hearing was held to decide the future of the Clinical Laboratory at which time the Board of Supervisors voted to close the operation.

The targeted date for closure of the Clinical Laboratory is March 31, 2006. The closure of the laboratory is estimated to cost \$131,900 above the budgeted net county cost for the laboratory's operating budget. The primary reasons for increased costs are for the payout of sick leave, vacation, and severance pay to employees impacted by the closure. In FY 06-07 and beyond, the closure of the laboratory is expected to save the County approximately \$550,000 annually.

Mental Health- Fund Center 161

Issue: Revenue Shortfall

Impact to General Fund: \$130,000

The current fiscal situation for the Mental Health department has improved slightly as the year-end projection for increased General Fund support has decreased from \$263,000 as reported in the first quarter to \$130,000. Total expenditures are projected to be \$12,000 under budget at year-end and revenues are projected to be \$142,000 under budget.

Expenses

The department projects that salary and benefit accounts will exceed budgeted levels due to the following:

- The prevailing wage increase granted to County employees in October was almost 2% higher than anticipated in the department's budget. In addition to the prevailing wage increase, "equity" increases of 2.8% were granted for mental health therapists. The department also requested a 5% differential be granted for psychiatrists who treat children. All but the last of these adjustments were not within the department's control.
- Spending for temporary help and some part-time permanent staff has exceeded budgeted levels. The department has taken steps to reduce these staffing levels closer to budgeted levels.
- Spending for contract psychiatrists was also higher than budgeted through the second quarter. The department has reviewed this issue and is prioritizing these services.
- To help offset these salary related costs, a hiring freeze has been implemented within the department. Currently, there are 9.5 vacant departmental positions affected by the hiring freeze.

Services and supplies and other expenditure categories are expected to be under budget and will offset the salary expenses noted above. Some of the significant expenditure variances include the following:

- Professional services savings of \$390,000 due to the Family Care Network contract actual expenditures being considerably less than budgeted amounts and lower than estimated services levels for the Child Development Center.
- Payments to Probation of \$205,000 for Deputy Probation Officers to support Mental Health will not occur because the program will not be implemented as was planned.
- Food services provided by French Hospital for the Psychiatric Health Facility (PHF) are \$114,000 over budget due to contract rate changes.
- Pharmaceutical expenditures are 60% or \$220,000 over budgeted amounts. Initial indications show that jail medications are 16% over budget, clinic medications are 38% over budget, and medications at the PHF are significantly over budget due to a higher patient census. The Mental Health Department is currently conducting a study in order to better understand the root causes of these increases.

Revenues

The department's current year budget includes a significant amount of revenue (about \$500,000) from one-time reserves. The use of one-time funds to pay for ongoing costs has been exacerbated by several mid-year contract amendments, which increased service levels to accommodate growing demands. In some cases, these increases were also paid for with one-time reserves. As a result, the department is now projecting that they will exhaust the vast majority of their \$1 million reserve by year's end.

The department also requested that a portion of the Mental Health Services Act (MHSA) funds be included in the current year budget. These revenues will be made available to counties as a result of the passage of Proposition 63. It was expected that these funds, about \$425,000, would be available beginning in the fourth quarter of the year. The MHSA revenue was tied to existing staff and resources that would be redirected to new activities or services based on the MHSA proposal submitted to the state. Unfortunately, the state has informed counties that these funds will not be available until 2006-07 (some funds are available in the current year for start-up costs only). All but \$142,000 of the MHSA revenue shortfall will be covered by unbudgeted revenue the department expects to receive for prior years' services.

Outlook for FY 2006-2007

Given the reliance upon one-time revenues in the current year and rising costs and service levels, the Mental Health department is currently projecting a \$1.8 million budget gap for the upcoming 2006-2007 fiscal year. This gap assumes that existing service and staffing levels would continue. In order to narrow or eliminate this gap, significant changes in services and the structure of the Mental Health department would likely need to occur. In order to potentially narrow this gap, the Administrative Office has requested that Health Agency staff work with the Community Health Centers (CHC) to develop a plan that mirrors the recent partnership undertaken with CHC. The intent is to provide outpatient, mental health services with the goal of CHC providing lower acuity mental health services so that the Mental Health Department can focus its efforts on the higher acuity patients. This budget deficit is an early projection and the department will be working with the Administrative Office in the coming months in order to create options for the current issues.

It should be noted that the department expects to receive \$2.3 million of revenue for the Mental Health Services Act (Prop 63) in FY 06-07. Legislation stipulates that the money can only be spent on new or expanded programs and cannot be utilized to support existing services and programs. While some of the new and expanded programs under the MHSA may help to ameliorate some of the fiscal difficulties in providing current services, it will not address all of the issues raised by the department's projected fiscal situation.

Social Services- Fund Center 180

Issue: Higher than anticipated revenues and budget adjustment

Impact to General Fund: \$0

- The Department of Social Services has received state and federal funding that is approximately \$1.45 million above budgeted amounts. Of this total amount, federal and state funding totals \$1.32 million and \$130,000 is the required county match. Realignment or other revenue that is above budgeted amounts would cover the county match. There is not a request to increase the County General Fund Contribution. The Department of Social Services is bringing a separate agenda item to the Board of Supervisors on February 28, 2006, which outlines the requested expenditure of this additional revenue.

General Assistance- Fund Center 185

Issue: Higher than anticipated revenues and associated expenditures

Impact to General Fund: \$17,000

As reported in the first quarter, more Supplemental Security Income (SSI) revenue has been received than was expected in the second quarter. At the time the FY 2005-2006 budget was developed, projections for

SSI revenue were based on the amount of revenue realized as of December 2004. Only 40% of the SSI revenue realized for the year had been received by that time. Because of this, revenue projections were below the level the department now expects to receive. Since most of this revenue is passed along to clients, an increase in expenses is also expected by year-end.

Expenditures for the Cash Assistance Program for Immigrants (CAPI) were also higher than budgeted due to a spike in caseloads in the summer and fall. Caseloads have declined since October. This is expected to result in revenues and expenses exceeding budgeted amounts by \$8,800.

Finally, cash assistance expenditures were also higher than budgeted due to an increase in caseloads as compared to the previous Fiscal Year.

It is projected that the General Assistance budget will need a budget adjustment of approximately \$50,800 later in the year. Additional expenditure levels and sources of funding are as follows:

- \$25,000 SSI expenditures. 100% federal revenue offset
- \$8,800 CAPI expenditures. 100% state revenue offset
- \$17,000 Cash assistance expenditures. 100% General Fund

The department has created a process to better track and project SSI revenue and associated SSI payouts to clients and will apply this process to the FY 06-07 budget.

Roads – Fund Center 205

As noted in the First Quarter Financial Report, the Public Works Department expects to receive between \$1.4 - \$1.5 million in Proposition 42 funds from the State for the Roads budget. As of the end of the second quarter, the department has received \$447,413. The department intends to request an appropriation transfer to add the Prop 42 revenue received to the Roads budget in the third quarter, near the time they award the pavement management contract. Initially, Public Works planned to use this unanticipated revenue to cover anticipated augmentations to budgeted projects, and provide cash flow to help fund reimbursable earthquake repair costs. The department now expects to receive reimbursement from the Federal Highway Administration in the third quarter, which will help fund the earthquake repairs. The \$1.4 million in Prop 42 funds will now be used to augment the pavement management program, which was originally budgeted at \$2 million.

Emergency Medical Services Fund- Fund Center 351

Issue: Review of accounting procedures

Impact to County General Fund: \$0

The Emergency Medical Services fund provides payments to physicians, designated hospitals, and other providers of emergency medical care for uncompensated emergency room care per Senate bills 12 and 612. The legislation allows for the collection of court fines from criminal offenses in order to help compensate providers for uncompensated emergency room care.

The County contracts with The Society Group, a foundation of The County Medical Society, to disperse Measure A - Tobacco Settlement Funds, to medical providers on the County's behalf. Recently, there has been concern on behalf of The Society Group that some of the organization's funds have not been appropriately accounted for. The Society Group is conducting a full review of its finances and will be

reporting the results to the County. Depending upon the outcome of the review, the County will take appropriate action in order to ensure that the above noted funds have been managed in a legal and appropriate manner.

Other Indigents Health Care Program- Fund Center 352

Issue: Budget Adjustment (unanticipated revenue)

Impact to County General Fund: \$0

A portion of the funding for this budget unit is provided by the California Healthcare for Indigents Program (CHIP), which allocates Proposition 99 (Tobacco Tax) funds to counties. Counties, in turn, send the money to providers of uncompensated medical services in order to offset a portion of the costs of the service. Additionally, a portion of the funds are used to help pay for the contract with the Community Health Centers of the Central Coast (CHC) who provide outpatient health services to county residents.

There is \$451,051 of additional CHIP funds available in FY 05-06 (above budgeted amounts). There is a budget adjustment to allocate this additional revenue to the programs noted above (\$278,732 toward the CHC contract and \$172,320 to providers).

Library – Fund Center 377

Issue: Revenues from Property Taxes are expected to exceed budgeted levels by \$126,000

Annualized potential impact to the County General Fund: \$0

Two things of note here is that Property Tax Revenues are expected to exceed budgeted levels by approximately \$126,000. The other pertains to their performance measures related to the percentage of hours per week the 14 branch libraries and the Bookmobile are open (as compared to the ideal schedule). There were about 15 unplanned closures due to lack of adequate staffing (illness, vacation, etc.)

With the unanticipated \$126,000 increase in property tax revenue, the Library plans to:

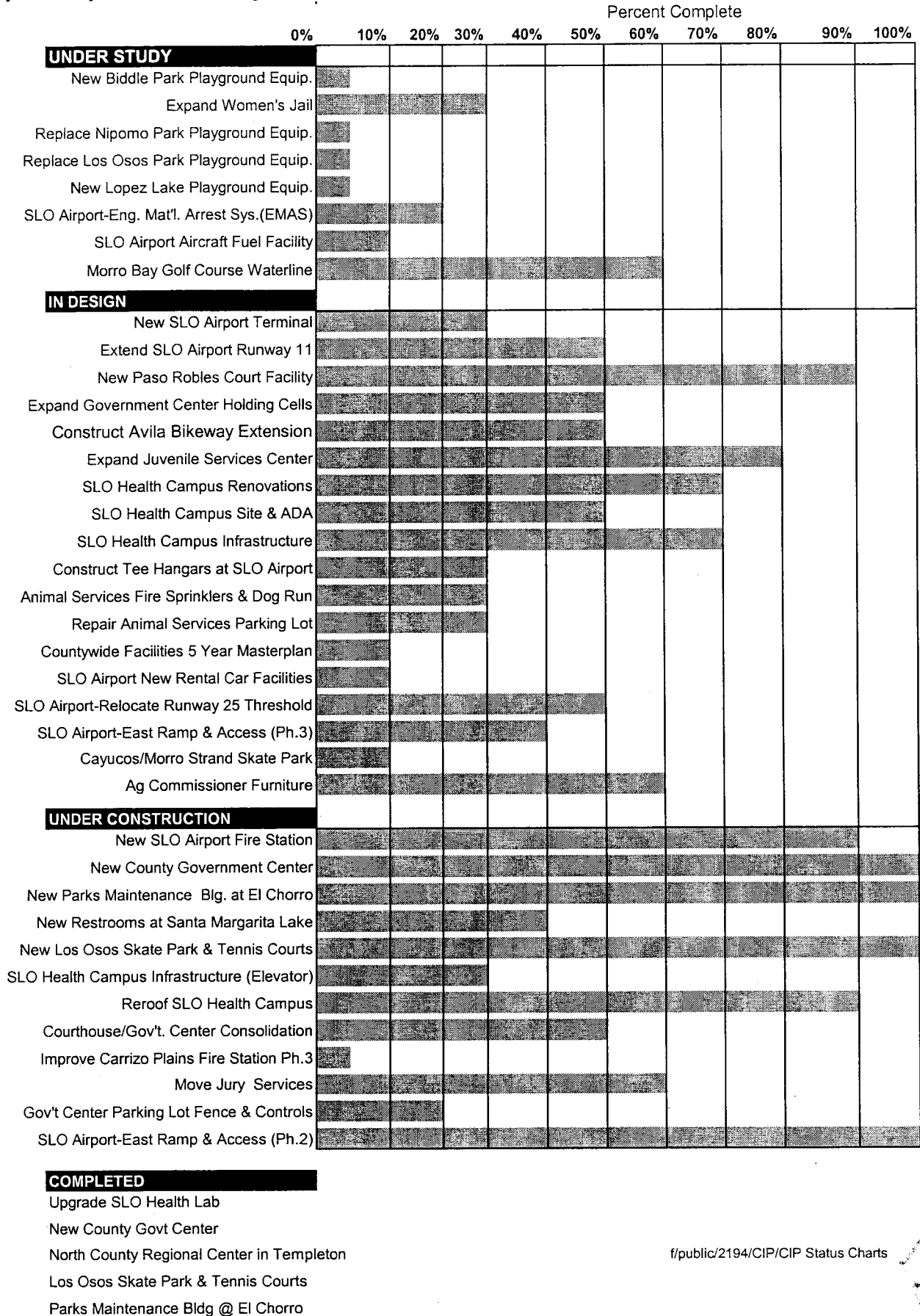
1. Use approximately \$30,000 to purchase library materials that are in high demand (books, videos, etc.);
2. Use \$20,000 to purchase 3 automated self-check machines for the City County library branch, which will then free staff to provide additional customer service;
3. Add approximately \$15,000 to their temp help account to prevent emergency closures, and;
4. Use approximately \$10,000 to pay for Position Allocation List changes approved by the Board.

Any unspent balance will fall to fund balance available to fund the Library's budget in FY 2006/07.

II. Capital/Maintenance Projects

Capital and maintenance projects are generally on track. A Capital Project summary is attached that highlights the progress of major projects.

Capital Improvement Projects STATUS REPORT- DECEMBER 2005



f/public/2194/CIP/CIP Status Charts

**COUNTY OF SAN LUIS OBISPO
SECOND QUARTER STATUS REPORT**

STATUS OF FUNDS, CONTINGENCIES AND RESERVES

SECTION 2

I. GENERAL:

The Auditor-Controller's Office has prepared the following Schedules that are attached at the back of this report.

Schedule 1: Comparative Statement of County Funds – Revenue Status

Schedule 2: Comparative Statement of Contingencies and Reserves

These schedules are the focus of the following discussion. Generally, comments are limited to material deviations from the prior year or from what would appear to be normal performance.

II. SCHEDULE 1: Comparative Statement of County Funds – Revenue Status

A. Summary

Total budgeted revenues for all funds were \$429 million. As of the end of the second quarter \$157.3 million, or 37% of budgeted revenues were realized. This percentage is consistent with last year and is considered normal because of the timing of the largest revenue sources. Taxes and government aid are known not to follow even monthly flows.

B. Specific Comments – Revenue Status by Type

Taxes-Current Property: Collections on current property taxes were 59% at the end of the second quarter. This is consistent with prior years revenue.

Taxes-Other than Current Property: The amount realized in the current year is 22% of budgeted revenue, which is consistent with the prior year

Licenses and Permits: The amount realized in the current year is 47%, which is significantly less than the prior year when a one-time fiber optic settlement was received.

Revenue – Money and Property: The amount realized in the current year is 104%, which is significantly higher than the prior year when 65% of revenue was realized. The current interest rate of 3.164% is appreciably higher than the prior years rate of 1.729% resulting in higher interest earnings.

Charges for Current Services: The current realization rate of 38% is slightly higher than the prior year of 32%. There is no specific account that explains the increase.

C. Specific Comments – Revenue by Fund

General Fund: The General Fund has realized revenues of 39% at the end of the first quarter. This is consistent with the prior year.

Community Development Program: Revenue is realized as it is disbursed on community projects and is consistent with prior years.

County Medical Services Program: 42% of revenue was realized in the current year, which is significantly higher than the prior year realization rate of 24%. This is due to an increase of realignment funding.

California Health Indigent Program: 43% of revenue was realized in the current year, which is significantly higher than the prior year when 4% of revenue was realized. In the prior year State Aid was not realized until the fourth quarter.

SCHEDULE 2: Comparative Statement of contingencies and Reserves

A. Contingencies

Contingencies were reduced by \$60,840 during the second quarter to fund the purchase of tax defaulted property

B. General Reserves

The Government Code provides that general reserves may not be used during the operating year unless the Board of Supervisors deems that there is a state of emergency. Since no emergency has existed to date, all balances of reserves are as adopted.

C. Designations and Other Reserves

The Board of Supervisors may choose to designate portions of available funding for a specific future purpose. Such designations reflect tentative plans, which are subject to change. It is this flexibility that distinguishes designations from reserves. The only significant changes during the quarter are listed below:

1. \$2,193,979 Capital Projects – Designation: Facilities Planning – Increase reserve from Gulf Insurance Settlement related to cleanup of contaminated soil found on the site of the new Government Center. The Board of Supervisors approved this action as part of the First Quarter Report.
2. \$(162,306) County Automation Replacement Fund – Designation: Automation Replacement – To partially fund the purchase of an IBM Mainframe computer.
3. \$(110,300) Road Fund - – Designation: Future Road Projects– To partially fund the repair of earthquake damage in Oceano.

III. SCHEDULE OF APPROPRIATION TRANSFERS UNDER THE AUDITOR'S AUTHORITY

The Board of Supervisors passed a resolution, which authorized the Auditor-Controller to approve appropriation transfers between all object levels within the same budget unit. This resolution also directed that such transfers be reported to the Board on a quarterly basis.

During the second quarter no transfers were made under the Auditor-Controller's authority.

COMPARATIVE STATEMENT OF COUNTY FUNDS- REVENUE STATUS
For the Six Month Period Ended December 31, 2005 and 2004

Revenue Status by Class	2005-06 Amount Budgeted	Amount Realized 12/31/05	%	2004-05 Amount Budgeted	Amount Realized 12/31/04	%
TAXES - CURRENT PROPERTY	\$ 82,467,295	\$ 48,552,887	59 %	\$ 69,973,947	\$ 42,418,645	61 %
TAXES - OTHER THAN CURRENT PROPERTY	36,262,117	7,992,002	22 %	31,958,600	7,379,460	23 %
LICENSES AND PERMITS	10,218,919	4,762,930	47 %	9,143,878	7,360,022	80 %
FINES, FORFEITURES AND PENALTIES	12,557,159	1,216,789	10 %	12,442,823	1,320,393	11 %
REVENUE - MONEY AND PROPERTY USE	1,680,988	1,744,670 *	104 %	1,764,615	1,151,242	65 %
AID FROM GOVERNMENT AGENCIES	193,189,235	58,148,040	30 %	187,230,098	47,470,527	25 %
CHARGES FOR CURRENT SERVICES	36,676,377	13,997,046	38 %	37,942,655	12,273,717	32 %
OTHER REVENUES	24,479,360	10,340,073	42 %	26,126,877	9,944,139	38 %
OTHER FINANCING SOURCES	31,449,963	10,561,735	34 %	24,019,393	5,752,246	24 %
TOTAL REVENUES	\$ 428,981,413	\$ 157,316,172	37 %	\$ 400,602,886	\$ 135,070,391	34 %

Revenue Status by Fund	2005-06 Amount Budgeted	Amount Realized 12/31/05	%	2004-05 Amount Budgeted	Amount Realized 12/31/04	%
1000000000 General Fund	\$ 313,834,172	\$ 122,625,175	39 %	\$ 297,681,101	\$ 106,445,476	36 %
1100000000 Capital Projects	25,069,644	2,703,355	11 %	18,836,349	490,986	3 %
1200000000 Road Fund	38,863,120	11,003,781	28 %	38,331,161	9,555,495	25 %
1200500000 Community Devel Pgm	10,429,375	1,479,281	14 %	9,332,927	2,411,682	26 %
1201000000 Public Facility Fees	3,550,000	1,680,305	47 %	3,405,453	1,992,190	58 %
1201500000 Parks	7,124,152	2,648,912	37 %	7,164,777	2,631,559	37 %
1202000000 Co-Wide Automation Replacement	2,680,000	1,374,916	51 %	1,000,000	550,550	55 %
1202500000 Gen Gov Building Replacement	961,458	510,191	53 %	855,712	489,525	57 %
1203000000 Tax Reduction Resrv	0	83,976	%	0	41,833	%
1203500000 Impact Fee-Traffic	2,614,800	2,087,158	80 %	4,075,000	1,344,326	33 %
1204000000 Wildlife And Grazing	4,050	70	2 %	5,050	5,133	102 %
1204500000 Drinking Driver Prog	1,101,492	554,262	50 %	1,079,030	522,358	48 %
1205000000 Library	6,808,418	3,632,059	53 %	6,340,537	3,266,377	52 %
1205500000 Fish And Game	7,000	5,239	75 %	7,000	3,344	48 %
1206000000 Organizational Effectiveness	200,000	117,620	59 %	200,000	110,524	55 %
1206500000 County Med Svcs Prog	3,629,672	1,522,523	42 %	3,534,191	834,373	24 %
1207000000 Emergency Med Svcs	491,500	215,045	44 %	1,190,743	204,120	17 %
1207500000 Cal Hlth Indig Prog	1,106,624	476,695	43 %	458,299	18,989	4 %
1208000000 Debt Service-Cert of Participation	3,504,641	1,833,669	52 %	2,405,556	1,806,699	75 %
1801000000 Pension Obligation Bond DSF	7,001,295	2,761,940	39 %	4,700,000	2,344,852	50 %
TOTAL REVENUES	\$ 428,981,413	\$ 157,316,172	37 %	\$ 400,602,886	\$ 135,070,391	34 %

Includes interest revenue of \$431,394 and \$135,907 for the General Fund and Capital Projects respectively. The average interest rate earned by the County Treasury Pool for the quarter was 3.164%.

E-19

COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES
By Fund as of December 31, 2005

	2004-05 Final Budget	2005-06 Final Budget	As of 12/31/05	2005-06 Increase (Decrease)
<u>Contingencies</u>				
General Fund	\$ 13,100,540	\$ 15,221,082	\$ 15,160,242	\$ (60,840)
Community Devel Pgm	18	0	0	0
Parks	112,878	293,212	293,212	0
Drinking Driver Prog	88,752	95,509	95,509	0
Library	201,056	192,800	192,800	0
Organizational Effectiveness	74,043	74,043	74,043	0
Emergency Med Svcs	0	23,288	23,288	0
Cal Hlth Indiq Prog	0	7,393	7,393	0
TOTAL CONTINGENCIES	\$ 13,577,287	\$ 15,907,327	\$ 15,846,487	\$ (60,840)

	2004-05 Final Budget	2005-06 Final Budget	As of 12/31/05	2005-06 Increase (Decrease)
<u>General Reserves</u>				
General Fund	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 0
Wildlife And Grazing	7,869	7,869	7,869	0
Drinking Driver Prog	122,644	189,871	189,871	0
Library	328,335	478,335	478,335	0
Fish And Game	33,354	33,354	33,354	0
Organizational Effectiveness	535,000	535,000	535,000	0
TOTAL GENERAL RESERVES	\$ 9,027,202	\$ 9,244,429	\$ 9,244,429	\$ 0

Schedule 2

COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES
By Fund as of December 31, 2005

	2004-05 Final Budget	2005-06 Final Budget	As of 12/31/05	2005-06 Increase (Decrease)
<u>Designations and Other Reserves</u>				
General Fund				
Co. Fire Equip. Replace	\$ 814,459	\$ 707,490	\$ 707,490	\$ 0
Contingent Liabilities	409,165	0	0	0
Equip Replacement	979,817	949,204	949,204	0
Internal/Teeter Financing	1,820,611	4,631,756	4,631,756	0
Capital Projects				
Facilities Planning	6,733,740	9,333,945	11,527,924	2,193,979
LO Landfill Closure	600,000	600,000	600,000	0
Road Fund				
Future Road Projects	2,460,969	1,429,688	1,229,388	(200,300)
Public Facility Fees				
Reserve for County Fire	844,945	2,149,904	2,149,904	0
Reserve for General Gov't	1,943,288	2,328,337	2,327,763	(574)

Reserve for Law Enforcmnt	276,437	406,938	407,512	574
Reserve for Library	1,966,104	2,358,500	2,358,500	0
Reserve for Parks	4,220,019	4,948,824	4,828,824	(120,000)
Parks				
Parks Projects	4,705	4,705	4,705	0
Co-Wide Automation Replacement				
Actg. Systems Development	996,925	813,796	813,796	0
Automation Replacement	1,667,826	6,201,900	6,039,594	(162,306)
Gen Gov Building Replacement				
Gov. Building Rpl	4,160,008	5,292,011	5,292,011	0
Tax Reduction Resrv				
Desig-Prop Tax Litigation	392,422	392,422	392,422	0
Tax Reduction Reserves	11,749,078	11,973,467	11,973,467	0
Impact Fee-Traffic				
Improvement Fees	10,835,125	11,336,744	11,337,937	1,187
Wildlife And Grazing				
Wildlife Projects	2,213	1,571	1,571	0
Drinking Driver Prog				
Systems Development	20,000	70,000	70,000	0
Library				
Atascadero Building Expan	217,340	238,940	238,940	0
Computer Equipment Repl	23,530	23,530	23,530	0
Facilities Planning	834,313	1,004,672	1,004,672	0
Fish And Game				
Fish and Game Projects	30,471	35,162	35,162	0
Organizational Effectiveness				
Countywide Training	1,620,399	1,568,221	1,568,221	0
Pension Obligation Bond DSF				
DESIG - POB DEBT SERVICE	4,266,414	4,356,970	4,372,675	15,705
TOTAL DESIGNATIONS AND RESERVES	\$ 59,890,323	\$ 73,158,697	\$ 74,886,968	\$ (1,728,268)

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Six Month Period Ended December 31, 2005

Budget Units by Functional Area	2005-06 Budgeted Expenditures	Amount Expended 12/31/05	%	2005-06 Budgeted Revenues	Amount Realized 12/31/05	%
General Government						
100 BOARD OF SUPERVISORS	\$ 1,224,083	\$ 601,209	49 %	\$ 0	\$ 0	0 %
101 NON-DEPARTMENTAL REVENUES	100	2	2 %	116,519,666	60,400,366	52 %
104 ADMINISTRATIVE OFFICE	1,716,068	743,699	43 %	183,519	69,192	38 %
105 RISK MANAGEMENT	1,783,796	1,073,427	60 %	805,995	485,634	60 %
107 AUDITOR-CONTROLLER	4,284,813	1,972,227	46 %	913,282	652,709	71 %
108 TREAS-TAX COLL-PUBLIC ADM	2,506,258	1,148,837	46 %	1,107,978	513,280	46 %
109 ASSESSOR	7,546,965	3,359,201	45 %	1,029,504	329,559	32 %
110 CLERK/RECORDER	4,156,205	1,740,237	42 %	2,996,796	1,291,818	43 %
111 COUNTY COUNSEL	3,283,882	1,611,402	49 %	198,152	30,230	15 %
112 PERSONNEL	2,040,102	987,272	48 %	108,301	146,800	136 %
113 GENERAL SERVICES	10,770,156	5,128,449	48 %	3,608,136	1,459,251	40 %
114 INFORMATION TECHNOLOGY DEPARTMENT	11,853,811	5,422,092	46 %	3,135,252	1,777,558	57 %
201 PUBLIC WORKS SPECIAL SERVICES	3,184,213	1,291,681	41 %	1,719,441	449,161	26 %
265 ENTERPRISE FINANCIAL SYSTEM	4,579,343	2,523,241	55 %	0	0	0 %
266 COUNTYWIDE AUTOMATION REPLACEMENT	3,034,561	901,714	30 %	2,680,000	1,374,916	51 %
267 GEN GOVT BUILDING REPLACEMENT	0	0	0 %	961,458	510,191	53 %
268 TAX REDUCTION RESERVE	0	0	0 %	0	83,976	0 %
275 ORGANIZATIONAL EFFECTIVENESS	481,348	95,739	20 %	200,000	117,620	59 %
290 COMMUNITY DEVELOPMENT PROGRAM	10,429,375	1,479,244	14 %	10,429,375	1,479,281	14 %
TOTAL General Government	\$ 72,875,079	\$ 30,079,673	41 %	\$ 146,596,855	\$ 71,171,542	49 %
Public Protection						
130 WASTE MANAGEMNT	\$ 661,046	\$ 255,012	39 %	\$ 0	\$ 2	0 %
131 GRAND JURY	118,410	49,991	42 %	0	0	0 %
132 DISTRICT ATTORNEY	9,750,410	4,980,866	51 %	3,860,323	1,384,768	36 %
133 VICTIM/WITNESS ASSISTANCE	1,138,383	531,372	47 %	623,355	151,456	24 %
134 CHILD SUPPORT SERVICES	4,944,967	2,280,310	46 %	4,944,964	2,319,926	47 %
135 PUBLIC DEFENDER	4,532,731	2,116,236	47 %	234,300	154,231	66 %
136 SHERIFF-CORONER	43,112,087	20,692,494	48 %	17,954,365	6,260,681	35 %
137 ANIMAL SERVICES	2,126,110	941,645	44 %	1,106,775	519,074	47 %
138 EMERGENCY SERVICES	1,117,515	408,637	37 %	876,679	360,296	41 %
139 PROBATION DEPARTMENT	15,092,549	7,119,843	47 %	8,974,251	2,491,179	28 %
140 COUNTY FIRE	15,103,268	4,636,859	31 %	5,441,191	1,246,593	23 %
141 AGRICULTURAL COMMISSIONER	4,493,278	2,120,245	47 %	2,609,381	286,437	11 %
142 PLANNING & BUILDING DEPARTMENT	14,739,089	5,985,322	41 %	9,595,270	4,492,101	47 %
143 COURT OPERATIONS	2,350,000	1,018,258	43 %	2,767,920	1,146,033	41 %
330 WILDLIFE AND GRAZING	4,954	102	2 %	4,050	70	2 %
331 FISH AND GAME	14,625	840	6 %	7,000	5,239	75 %
TOTAL Public Protection	\$ 119,299,422	\$ 53,138,032	45 %	\$ 58,999,824	\$ 20,818,086	35 %
Public Ways & Facilities						
245 ROADS	\$ 42,400,146	\$ 12,177,490	29 %	\$ 38,863,120	\$ 11,003,781	28 %
247 PUBLIC FACILITIES FEES	5,732,680	1,435,005	25 %	3,550,000	1,680,305	47 %

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Six Month Period Ended December 31, 2005

Budget Units by Functional Area	2005-06 Budgeted Expenditures	Amount Expended 12/31/05	%	2005-06 Budgeted Revenues	Amount Realized 12/31/05	%
248 ROADS - IMPACT FEES	7,348,142	1,290,616	18 %	2,614,800	2,087,158	80 %
TOTAL Public Ways & Facilities	\$ 55,480,968	\$ 14,903,111	27 %	\$ 45,027,920	\$ 14,771,244	33 %
Health & Sanitation						
160 PUBLIC HEALTH DEPARTMENT	\$ 20,691,502	\$ 8,941,433	43 %	\$ 18,755,968	\$ 4,615,040	25 %
161 MENTAL HEALTH	25,144,960	11,707,840	47 %	21,425,444	5,190,869	24 %
162 DRUG & ALCOHOL SERVICES	5,275,107	2,254,229	43 %	5,072,338	1,150,822	23 %
163 SUSPECTED ABUSE RESPONSE TEAM	264,289	106,033	40 %	6,500	1,210	19 %
164 CLINICAL LAB SERVICES	2,513,991	1,254,690	50 %	1,953,664	339,528	17 %
TOTAL Health & Sanitation	\$ 53,889,849	\$ 24,264,225	45 %	\$ 47,213,914	\$ 11,297,469	24 %
Public Assistance						
106 CONTRIBUTIONS TO OTHER AGENCIES	\$ 1,796,760	\$ 1,475,479	82 %	\$ 419,125	\$ 1,717	0 %
180 SOCIAL SERVICES ADMINISTRATION	47,449,494	21,666,163	46 %	43,610,691	10,144,819	23 %
181 FOSTER CARE-SOCIAL SERVICES	13,876,921	7,077,757	51 %	12,801,708	6,561,429	51 %
182 CALWORKS	12,143,244	5,714,002	47 %	11,898,487	4,632,589	39 %
183 MEDICAL ASSISTANCE PROG	6,066,824	2,491,236	41 %	266,760	196,816	74 %
184 LAW ENFORCEMENT MED CARE	1,306,370	668,685	51 %	663,493	298,096	45 %
185 GENERAL ASSISTANCE	645,090	336,082	52 %	378,095	233,349	62 %
186 VETERANS SERVICES	349,319	166,922	48 %	77,552	40,147	52 %
350 CO MEDICAL SERVICES PROG	4,453,264	1,857,466	42 %	3,629,672	1,522,523	42 %
351 EMERGENCY MEDICAL SRVS FUND	784,333	380,693	49 %	491,500	215,045	44 %
352 CAL HEALTHCARE INDIG PROG	1,463,723	43,967	3 %	1,106,624	476,695	43 %
TOTAL Public Assistance	\$ 90,335,342	\$ 41,878,452	46 %	\$ 75,343,707	\$ 24,323,225	32 %
Education						
215 FARM ADVISOR	\$ 322,471	\$ 128,821	40 %	\$ 6,200	\$ 144	2 %
375 DRINKING DRIVER PROGRAMS	1,055,983	534,441	51 %	1,101,492	554,262	50 %
377 LIBRARY	7,940,140	2,932,027	37 %	6,808,418	3,632,059	53 %
TOTAL Education	\$ 9,318,594	\$ 3,595,289	39 %	\$ 7,916,110	\$ 4,186,465	53 %
Recreation & Cultural Services						
305 PARKS	\$ 7,115,579	\$ 2,638,709	37 %	\$ 7,124,152	\$ 2,648,912	37 %
TOTAL Recreation & Cultural Services	\$ 7,115,579	\$ 2,638,709	37 %	\$ 7,124,152	\$ 2,648,912	37 %
Debt Service						
277 DEBT SERVICE	\$ 3,504,641	\$ 1,833,670	52 %	\$ 3,504,641	\$ 1,833,669	52 %
392 PENSION OBLIGATION BOND DSF	7,001,295	4,986,072	71 %	7,001,295	2,761,940	39 %
TOTAL Debt Service	\$ 10,505,936	\$ 6,819,742	65 %	\$ 10,505,936	\$ 4,595,609	44 %

Financing Uses

<u>102 NON-DEPTL-OTHR FINCNG USE</u>	<u>\$ 8,696,101</u>	<u>\$ 3,175,540</u>	<u>37 %</u>	<u>\$ 1,700,901</u>	<u>\$ 565,264</u>	<u>33 %</u>
TOTAL Financing Uses	\$ 8,696,101	\$ 3,175,540	37 %	\$ 1,700,901	\$ 565,264	33 %

Schedule 3

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Six Month Period Ended December 31, 2005

Budget Units by Functional Area	2005-06 Budgeted Expenditures	Amount Expended 12/31/05	%	2005-06 Budgeted Revenues	Amount Realized 12/31/05	%
CAPITAL PROJECTS						
200 MAINTENANCE PROJECTS	\$ 9,392,718	\$ 1,717,221	18 %	\$ 3,482,450	\$ 235,001	7 %
230 CAPITAL PROJECTS FUND	<u>31,645,565</u>	<u>3,431,878</u>	<u>11 %</u>	<u>25,069,644</u>	<u>2,703,355</u>	<u>11 %</u>
TOTAL CAPITAL PROJECTS	\$ 41,038,283	\$ 5,149,099	13 %	\$ 28,552,094	\$ 2,938,356	10 %
COUNTY TOTAL	\$ 468,555,153	\$ 185,641,872	40 %	\$ 428,981,413	\$ 157,316,172	37 %
GENERAL FUND TOTAL	\$ 329,565,456	\$ 147,098,958	45 %	\$ 313,834,172	\$ 122,625,175	39 %

1
24

**COUNTY OF SAN LUIS OBISPO
SECOND QUARTER FINANCIAL STATUS REPORT**

POSITION CHANGES

SECTION 3

During the Second Quarter, October 1, 2005 through December 31, 2005, the following reclass/reorganization changes were recommended by Personnel and approved by the Board of Supervisors. This report also includes a list of all administrative changes approved by the Personnel Director under the authority of the BOS and the Administrative Office, and the current vacancy statistics.

POSITION ALLOCATION CHANGES MADE BY THE BOARD OF SUPERVISORS:

Cost Center 136 - Sheriff's Department, Approved 10/25/05 -- Allocation Addition
Add 2.00 FTE Limited Term Position using State Citizens Option for Public Safety (COPS)
Funds
Annual Cost: \$100,873

Add 1.00 FTE -00338 Deputy Sheriff - Limited Term
Add 1.00 FTE -02261 Systems Administrator I - Limited Term

Cost Center 30503 - Lopez Lake Recreation Area, Approved 10/25/05 Allocation Change
Add 1 AA series position and Delete one Senior Park Gate Attendant
Annual Cost: \$3,785

Delete 1.00 FTE - 09515 – Senior Park Gate Attendant
Add 1.00 FTE - 02203 - Administrative Assistant Series

ADMINISTRATIVE CHANGES MADE BY THE PERSONNEL DEPARTMENT:

Cost Center 160 Public Health Department - Approved 10/20/05

Personnel Director approved administrative consolidation of part time positions per authority granted on February 11, 2004 as follows:

Delete four 0.50 FTE - 02203 - Administrative Assistant Series
Add two 1.00 FTE - 02203 - Administrative Assistant Series

Cost Center 161 Mental Health Department - Approved 11/07/05

Personnel Director approved administrative consolidation of part time positions per authority granted on February 11, 2004 as follows:

Delete two 0.50 FTE - 02203 - Administrative Assistant Series
Add one 1.00 FTE - 02203 - Administrative Assistant Series

Cost Center 405 Public Works Department - Approved 12/07/05

Personnel Director Reviewed Confidential status of vacant Supervising Administrative Clerk II – Confidential position and adjusted as follows:

Delete 1.00 FTE - 00939 - Supervising Administrative Clerk II – Confidential
Add 1.00 FTE - 00928 - Supervising Administrative Clerk II

Cost Center 112 Personnel Department - Approved 12/08/05

Personnel Director Reviewed Confidential status of vacant Human Resources Analyst Aide – Confidential position and adjusted as follows:

Delete 1.00 FTE - 02110 - Human Resources Analyst Aide – Confidential
Add 1.00 FTE - 02111 - Human Resources Analyst Aide

Cost Center 111 County Counsel - Approved 12/08/05

Personnel Director Reviewed Confidential status of vacant Administrative Assistant Aide/I/II/III – Confidential Series position and adjusted as follows:

Delete 1.00 FTE - 02223 - Administrative Assistant Aide/I/II/III – Confidential Series
Add 1.00 FTE - 02203 - Administrative Assistant Aide/I/II/III

Cost Center 142 Planning Department - Approved 12/13/05

Personnel Director Reviewed Confidential status of vacant Supervising Administrative Clerk II – Confidential position and adjusted as follows:

Delete 1.00 FTE - 00939 - Supervising Administrative Clerk II – Confidential
Add 1.00 FTE - 00928 - Supervising Administrative Clerk II

EMPLOYEE VACANCY RATE

The County's employee vacancy rate as of 12/31/2005 is 7.04%. This equates to 176.25 vacant positions.

**COUNTY OF SAN LUIS OBISPO
SECOND QUARTER FINANCIAL STATUS REPORT**

MISCELLANEOUS FINANCIAL ISSUES

SECTION 4

I. Acceptance Of Donated Gift Funds

Donations made by individuals and community organizations are accepted by the County and appropriated into the proper departmental budgets on an as needed basis. These donations are used to enhance programs and meet special needs throughout the County.

- During the second quarter the Behavioral Health Services/Mental Health department received donations to the Abused Children's Treatment Services (ACTS) Program. Your Board is asked to received these funds which will be used for special projects and activities tailored to meet the special needs of children being served by the program. A budget adjustment is not needed for this item.

A Board letter for this item is attached.

II. Discharge Of Bad Debt

Requests to discharge bad debt are presented to the Board in accordance with Government Code requirements. The action relieves the department from active pursuit of receivables but does not release the responsible parties from the debt. Requests to discharge bad debt are only submitted to the Board for action after an extensive investigation has taken place and the department reaches the conclusion that the debt will never be collected. Additionally, if a department's collection efforts are unsuccessful, many cases are turned over to the County's contract collection agency.

The Board is requested to discharge bad debts totaling \$5,512 on behalf of Behavioral Health. A Board letter providing additional information and justification for discharge of bad debts is attached.

III. Transfer of Funds

The Department of Social Services is requesting the transfer of \$987 from the Social Services Gift Trust Fund to the department budget. These funds will be used to help children, adults and families who have special needs not provided for in the regular mandated programs of the department. A board letter is attached to this report requesting this transfer of funds.